



For Immediate Release
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**BAUCUS CALLS FOR FUNDS TO ENSURE PERU MEETS
TRADE AGREEMENT COMMITMENTS
ON LABOR, ENVIRONMENTAL POLICIES**

Finance Chairman asks appropriators to boost capacity building assistance to Peru

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) called today for adequate funding to help Peru strengthen its labor and environmental protection efforts, sending a letter to Chairman Patrick Leahy (D-Vt.) and Ranking Member Judd Gregg (R-N.H.) of the Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs. As part of last December's U.S.-Peru Trade Agreement – the first free trade agreement to include the expanded labor and environment provisions of the May 10 bipartisan trade deal – Peru committed to improve its labor and environmental standards by creating an environment ministry, bolstering its ability to enforce its environmental laws, and abiding by the International Labor Organization's core labor standards. Baucus asked the subcommittee to provide the funding assistance Peru will need to meet the commitments it made as part of the agreement.

“The U.S.-Peru Trade Agreement provides new opportunities for U.S. farmers, ranchers and firms, and it also sets a new standard for labor and environmental protection in our trade agreements. Peru can only meet these new environmental and labor standards if they have the resources to meet the commitment,” said Baucus. **“Providing initial funds to help Peru meet its trade obligations will boost the U.S. economy, improve labor conditions, and protect the environment.”**

Baucus asked that in addition to adequate 2008 funding, the subcommittee provide \$20 million in trade capacity building assistance for Peru in 2009 – at least \$8 million for labor and \$12 million for environmental initiatives, including efforts to combat illegal logging and improve forest sector governance in Peru. Baucus also called on the subcommittee to prevent future cuts and restore full funding to other capacity building funds associated with the Central America Free Trade Agreement (CAFTA).

The text of the letter follows here.

June 24, 2008

The Honorable Patrick Leahy
Chairman,
Subcommittee on State, Foreign Operations, and Related Programs
Senate Committee on Appropriations

The Honorable Judd Gregg
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs

Senate Committee on Appropriations

Dear Chairman Leahy and Ranking Member Gregg:

I have long supported strong labor and environment provisions in our bilateral free trade agreements. Labor and environment capacity building are critical in helping other countries achieve higher labor and environment standards. Congress passed the U.S.-Peru Trade Promotion Agreement last December, the first free trade agreement to include the expanded labor and environment provisions of the May 10 bipartisan trade deal. Specifically, Peru agreed to abide by the International Labor Organization's core labor standards. Peru also pledged to create an environment ministry and dramatically increase its ability to enforce its environmental laws. That agreement also contains an annex dedicated to fighting illegal logging in Peru and improving Peru's forest sector governance.

These provisions are important milestones that directly address the labor and environmental effects of trade, but they cannot be fully and effectively implemented unless proper funding is set aside to implement these provisions. To meet these obligations, Peru will need trade capacity building assistance from the United States, and we should deliver. I ask you to work with the Department of State and other agencies to ensure that adequate funding is provided to Peru to implement this agreement in 2008, and request that you allocate all necessary funds for implementation of this agreement in the 2009 appropriations cycle. Specifically, I request that at least \$20 million be allocated to Peru in 2009, including at least \$8 million for labor and \$12 million for environmental initiatives, including the illegal logging annex.

I was disappointed to learn that the capacity building funds associated with the Central America Free Trade Agreement (CAFTA) were dramatically reduced, from \$40 million to \$10 million, for FY 2008. A number of labor and environmental projects in Central America will have to be scaled back or curtailed this year due to lack of funds. In 2009, I urge you to restore CAFTA capacity building funds to the \$40 million level, the amount required to address the labor and environmental needs identified during the CAFTA negotiations.

I am also aware that the Senate has a full legislative calendar and must consider a number of pressing issues this Congress. If the Senate is unable to pass an appropriations bill before the end of FY 2008, and the agencies charged with labor and environment capacity building must operate under a continuing resolution, I trust that these agencies will be granted funding at least equal to their FY 2008 levels. In the absence of a new appropriation, it is particularly important that the \$3 million granted to the U.S. Agency for International Development for labor and environment capacity building in Peru continue for FY 2009.

Helping our trading partners to protect labor and the environment while strengthening our economies through trade should be a cornerstone of U.S. trade and development policy. I look forward to working with you to accomplish these goals.

Sincerely,

Max Baucus

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